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(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

**Committee on ... Veterans, Homeland Security,
Military Affairs, Small Business and Government
Reform (SC-VHSMASBGR)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Senate

Record of Committee Proceedings

Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform

Senate Bill 147

Relating to: preemption of city, village, town, or county living wage ordinances.

By Senators A. Lasee and Schultz.

March 29, 2005 Referred to Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform.

April 6, 2005 **PUBLIC HEARING HELD**

Present: (5) Senators Brown, Zien, Kanavas, Breske and Wirsch.

Absent: (0) None.

Appearances For

- Alan Lasee — State Senator, 1st State Senate District
- Tom Pyper, Madison — Main Stree Coalition
- Jennifer Alexander, Madison — Greater Madison Chamber of Commerce
- Tim Metcalfe, Madison — Metcalfe Sentry Foods
- Doug Johnson, Madison — Wisconsin Merchants Federation and Midwest Hardware Association
- John Leemkuil, Madison — Capitol Centre Foods
- Brandon Scholz, Madison — Wisconsin Grocers Association
- Steve Davis, Oshkosh — Ardy and Ed's Drive-In
- Ed Lump, Madison — WI Restaurant Association
- Bill Smith, Madison — National Federation of Independent Business
- Kathi Kilgore, Madison — Wisconsin Inn Keepers Association

Appearances Against

- Austin King, Madison — Alderman
- Mario Mendoza, Madison — City of Madison
- Bob Anderson, Madison — Wisconsin Council on Children and Families
- Craig Myrbo, Madison
- Victoria Selkove, Madison — Economic Justice Institute, inc.
- Robert Kraig, Milwaukee — Service Employees International Union (SEIU)
- Kristin Settle — Institute for Wisconsin's Future

Appearances for Information Only

- None.

Registrations For

- Jeff Machut, Monona — American Lodge and Suites
- James Buchen, Madison — Wisconsin Manufacturers and Commerce
- Julie Beyle — Best Western Inntowner and Highland
- Paul Larsen — Best Western Inntowner
- Danielle Tweite, Madison — Best Western Inntowner
- Jim Tenuta, Madison — National Association of Teater Owners
- Michelle Kussow, Madison — Wisconsin Grocers Association
- Karin Sandisk, Madison
- Terry Gran, Madison
- Barb Rilky, Madison — Best Western Inntowner
- Laura Gill, Madison — Best Western Inntowner
- Tom Diehl, Wisconsin Dells — Wisconsin Dells Visitors and Convnetion Bureau
- Chet Gerlach, Madison — Association of Wisconsin Tourism Attractions
- Kathi Kilgore, Madison — Wisconsin Association of Campground Owners

Registrations Against

- Charles Hoyt, Madison
- Lucia Nunez, Madison — Wisconsin Department of Workforce Development
- Ann Todd, Madison
- Michael Walsh, Madison — Wisconsin Education Association Council
- Matthew Brusky, Milwaukee — Service Employees International Union (SEIU)
- Carrie Deer, Oregon
- Patrick Hickey, Madison — Interfaith Coalition for Worker Justice of South Central Wisconsin
- Sara Finger, Madison
- Krista Czerwinski, Madison
- Laura Shoemaker, Madison
- Nicole Safar, Madison
- Lori Greenberg, Fitchburg
- Joanne Ricca, Milwaukee — Wisconsin State AFL-CIO
- Mark Reihl, Madison — Wisconsin State Council of Carpenters
- Ed Huck, Madison — Wisconsin Alliance of Cities
- David Lopez, Madison
- Eric Kestin, Madison
- Ariel Ford, Madison
- Curt Wytinski, Madison — League of Wisconsin Municipalities
- Kim Lampereur, Madison
- Megan Larson, Madison
- Susan Vilbrandt, Madison
- Danielle Deschaine, Madison
- Tracy Suprise, Madison — Service Employees International Union (SEIU)

- Aram Donabedian, Madison — Service Employees International Union (SEIU)
- Juliet Brodie, Madison — Neighborhood Law Project
- Marcy Stutzman, Middleton
- Nancy Wreen Bauch, Madison
- Magda Krniecik, Madison
- Claiborne Hill, Monona — Service Employees International Union
- Jennifer Johnstone, Madison — Service Employees International Union
- Dan Ross, Madison
- Paul Sickel, Milwaukee — Service Employees International Union (SEIU)
- Renee Crawford, Shorewood — Service Employees International Union (SEIU)
- Jim Cavanaugh, Madison — South Central Federation of Labor

April 6, 2005

EXECUTIVE SESSION HELD

Present: (5) Senators Brown, Zien, Kanavas, Breske and Wirch.
 Absent: (0) None.

Moved by Senator Kanavas, seconded by Senator Brown that **Senate Substitute Amendment 1** be recommended for introduction and adoption.

Ayes: (3) Senators Brown, Zien and Kanavas.
 Noes: (2) Senators Breske and Wirch.

INTRODUCTION AND ADOPTION OF SENATE SUBSTITUTE AMENDMENT 1 RECOMMENDED, Ayes 3, Noes 2

Moved by Senator Kanavas, seconded by Senator Brown that **Senate Bill 147** be recommended for passage as amended.

Ayes: (3) Senators Brown, Zien and Kanavas.
 Noes: (2) Senators Breske and Wirch.

PASSAGE AS AMENDED RECOMMENDED, Ayes 3, Noes 2

Daniel Lindstedt

Committee Clerk

SENATE BILL 147 (LRB -2560)

An Act to renumber and amend 104.08 (1), 104.08 (2) and 104.08 (3); to amend 104.01 (intro.), 104.01 (5), 104.02, 104.03, 104.04, 104.05, 104.06, 104.07 (1), 104.07 (2), 104.10, 104.11 and 104.12; and to create 104.001 and 104.08 (1m) (b) of the statutes; relating to: preemption of city, village, town, or county living wage ordinances. (FE)

2005

03-29.	S.	Introduced by Senators A. Lasee and Schultz .	
03-29.	S.	Read first time and referred to committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform	139
04-06.	S.	Public hearing held.	
04-06.	S.	Fiscal estimate received.	
04-06.	S.	Executive action taken.	
04-06.	S.	Report introduction and adoption of Senate Substitute Amendment 1 recommended by committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform, Ayes 3, Noes 2 (LRB s0073)	152
04-06.	S.	Report passage as amended recommended by committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform, Ayes 3, Noes 2	152
04-06.	S.	Available for scheduling.	
04-06.	S.	Placed on calendar 4-12-2005 by committee on Senate Organization.	
04-12.	S.	Read a second time	163
04-12.	S.	Senate amendment 1 to Senate substitute amendment 1 offered by Senators Miller, Taylor, Carpenter, Breske, Risser, Plale, Hansen and Wirch (LRB a0451)	164
04-12.	S.	Senator Lassa added as a coauthor of Senate substitute amendment 1	164
04-12.	S.	Senate amendment 1 to Senate substitute amendment 1 laid on table, Ayes 19, Noes 14	164
04-12.	S.	Senate amendment 2 to Senate substitute amendment 1 offered by Senators Robson, Plale, Erpenbach and Hansen (LRB a0452)	164
04-12.	S.	Senate amendment 2 to Senate substitute amendment 1 rejected, Ayes 20, Noes 13	164
04-12.	S.	Motion for reconsideration of the vote by which Senate amendment 2 to Senate substitute amendment 1 was rejected offered	164
04-12.	S.	Refused to reconsider vote by which Senate amendment 2 to Senate substitute amendment 1 was rejected	164
04-12.	S.	Refused to refer to committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform, Ayes 14, Noes 19	164
04-12.	S.	Senate substitute amendment 1 adopted	164
04-12.	S.	Senate substitute amendment 2 offered by Senators Hansen, Robson, Risser, Taylor, Carpenter, Breske, Erpenbach, Coggs, Plale, Wirch, Miller and Decker (LRB s0080)	164
04-12.	S.	Senate substitute amendment 2 laid on table, Ayes 19, Noes 14	164
04-12.	S.	Senate substitute amendment 3 offered by Senator Jauch (LRB s0082)	165
04-12.	S.	Senate amendment 1 to Senate substitute amendment 3 offered by Senator Jauch (LRB f153)	165
04-12.	S.	Senate amendment 1 to Senate substitute amendment 3 adopted	165
04-12.	S.	Senate amendment 2 to Senate substitute amendment 3 offered by Senator Jauch (LRB f154)	165
04-12.	S.	Senate amendment 2 to Senate substitute amendment 3 adopted	165
04-12.	S.	Senate amendment 3 to Senate substitute amendment 3 offered by Senator Miller (LRB f155)	165
04-12.	S.	Senate amendment 3 to Senate substitute amendment 3 laid on table	165
04-12.	S.	Senate substitute amendment 3 laid on table	165
04-12.	S.	Refused to refer to committee on Senate Organization, Ayes 14, Noes 19	165
04-12.	S.	Ordered to a third reading	165
04-12.	S.	Refused to suspend rules to read a third time	165
04-13.	S.	Read a third time and passed , Ayes 19, Noes 14	174
04-13.	S.	Ordered immediately messaged	174
04-22.	A.	Received from Senate	201
04-22.	A.	Read first time and referred to committee on Labor	201

2006

05-11.	A.	Failed to concur in pursuant to Senate Joint Resolution 1	1134
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WISCONSIN STATE LEGISLATURE



MEMO

TO: Members, Senate Committee on Veterans, Homeland Security, Military Affairs,
Small Business and Government Reform
FROM: Kristin Settle, Institute for Wisconsin's Future
DATE: April 6, 2005
RE: SB 147

Good morning. My name is Kristin Settle, and I am the Working Families Project Coordinator at the Institute for Wisconsin's Future. My work at IWF focuses on the needs and concerns of low-wage workers.

In this purpose, I strongly advocate for this committee to reject SB 147. Allowing municipalities to increase the minimum wage will benefit both Wisconsin families and the state itself for the following reasons:

1) Families are not able to be self-sufficient

As you know, the current minimum wage is \$5.15, unchanged since 1997. At the current federal rate, a person working 40 hours per week, without sick time and vacation benefits, earns \$10,712 per year *before* taxes.

If minimum wage increases had kept pace with inflation, Wisconsin workers would be earning \$8.70 per hour, totaling \$18,096 per year. Local ordinances in the state call for a modest increase to \$6.50, totaling \$13,520 per year for a full time worker. This is still \$1,700 less than the poverty line for a family of three in 2005, set at \$15,317. Having worked as an aide in this building with many of you, I know that it is hard to make ends meet on a state salary, which is still significantly more.

Since Congress has failed to act for the past 8 years, the job of creating a living wage in America has been left to the localities and the states.

2) The EITC is not enough

The EITC and minimum wage are designed to work in tandem to raise a family's income. The effectiveness of the EITC in raising the incomes of the working poor above the poverty line therefore depends, in part, on regular increases in the minimum wage. This is because the EITC and the poverty threshold both rise each year to reflect increases in the cost of living, however; the federal minimum wage does not.

If the minimum wage were increased to \$6.50 statewide this year, the minimum wage and the earned income tax credit (EITC) would raise a family's income to \$17,176, which is 11% above the poverty line.

3) Increased wages are a win-win for families and communities

Lower wages lead to downward pull on all other wages and working conditions, depressed living standards, and diminished purchasing power. Higher wages and improved working conditions lead to better employees, who stay at the job longer, thereby not drawing on

unemployment compensation, and who have the potential to move up in the organization, and earn a living wage for self-sufficiency.

The **economic benefits** to Wisconsin are important given our current fiscal situation.

1) The state will benefit in the long run

In areas like Madison, Milwaukee, and other cities who have increased wages, low-wage workers will earn more per paycheck, giving them the opportunity to get out of debt, to save, or to stop utilizing state subsidies to make ends meet. In addition, higher disposable income translates into an improved economy and higher sales tax rates, thus increasing state revenues. In keeping the local ordinances as well as enacting a state-wide wage increase, Wisconsin will effectively lower its poverty rate.

2) Small business and local economies will NOT be hurt

One argument against local increases in minimum wage standards is the effect it will have on the local labor market. Let me be clear about this: The proposed increase will not be detrimental to small business owners. In fact, employers actually benefit, in lower turnover rates, lower absentee-ism, and higher productivity. In cities across the country where the minimum wage has been raised beyond the federal level, there have been no accounts of small businesses being forced to shut down or move.

A recent Fiscal Policy Institute (FPI) study of state minimum wages found no evidence of negative employment effects on small businesses. In places like Santa Fe, New Mexico, which raised their minimum wage to \$8.50, the New Municipal League and the City of Albuquerque actually supported the increase when it was challenged in court.

According to the non-partisan Economic Policy Institute:

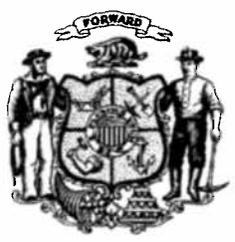
- A 1998 EPI study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. In fact, following the most recent increase in the minimum wage in 1996-97, the low-wage labor market performed better than it had in decades (e.g., lower unemployment rates, increased average hourly wages, increased family income, decreased poverty rates).
- Studies of the 1990-91 federal minimum wage increase, as well as 1994, 1995 and 2000 studies by David Card and Alan Krueger of several state minimum wage increases, also found no measurable negative impact on employment.

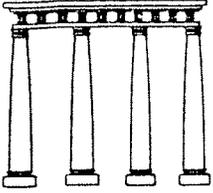
We are facing a huge budget shortfall. Broader city minimum wage laws are an attractive option because they help more struggling families but don't involve new costs for cash-strapped budgets.

I strongly urge this committee to reject SB 147, and to let low income workers provide for their families.



WISCONSIN STATE LEGISLATURE





Economic Justice Institute, Inc.

2300 S. Park Street, Ste. 3, Madison, WI 53713 (608) 260-8299 FAX: (608)442.1262

**TO: Members, Senate Committee on Veterans, Homeland Security,
Military Affairs, Small Business and Government Reform**

FROM: Victoria Selkove, Staff Attorney, Economic Justice Institute, Inc.

DATE: April 6, 2005

RE: SB 147: Preempting Local Minimum Wage Laws

My name is Victoria Selkove. I am the staff attorney for the Economic Justice Institute, Inc. The Economic Justice Institute, Inc. (formerly known as the Center for Public Representation) is one of the oldest nonprofit law firms in the state of Wisconsin. We provide free legal services for low-income Dane County residents in the areas of public benefits, workers' rights and housing.

We are EJI, Inc. represent numerous low-wage workers and welfare recipients who will benefit from the proposed statewide increase in the minimum wage. We also represent a large number of participants in the state's W-2 program, who because of limited skills and education levels, will only qualify for jobs at the bottom end of the wage scale when they leave the W-2 program for work. Our clients are the members of our community who make our hotel beds, clean our office buildings, wash dishes at our favorite restaurants and landscape our yards.

My clients are not teenagers in their first jobs. They are adults, supporting families on wages that leave absolutely no cushion against catastrophe. These wages leave no room for a car breakdown or an unexpected medical bill. My clients whose earnings hover near the minimum wage face the constant threat of eviction and utility disconnection and indeed many have been evicted more than once within the last year. Those living on low wages in our state are paying rent, buying food and paying the increasingly high cost of gasoline all on incredibly small paychecks. And, as the data suggests and as my clients' experiences confirm, many low-wage workers are simply not able to use their low-wage jobs as a magical springboard to better jobs at better wages. They often work at low-wage jobs for years or switch from job to job because of the lure of even a \$.25 or \$.50/hour raise in pay.

I have attached to this testimony a brief compilation of data from the National Low Income Housing Coalition, which, utilizing data from HUD, shows the wage that would be needed to afford a typical Fair Market Rent apartment in counties around our state. I

have conveniently compiled information from Counties which each of the Committee members represent. So, for example, looking at Marathon County, which is in Senator Zien's District, a worker would need to earn a full-time wage of \$10.50 per hour is simply to rent a two-bedroom apartment at the Fair Market Rent of approximately \$546/month. At the current minimum wage of \$5.15 per hour, this worker would need to work 82 hours each week to afford that apartment. We're not talking about achieving the American dream of owning a home. We're not talking about vacations, or rainy-day savings funds or college accounts. This worker would need to work 82 hours per week at the current minimum wage simply to afford *to rent an apartment*.

In Senator Kanavas' district, a worker in Waukesha County would need to earn \$13.35 per hour to afford the local Fair Market Rent on a two-bedroom apartment of \$694 per month. If that worker only earned the minimum wage of \$5.15 per hour, the worker would need to work 104 hours each week to pay for that two-bedroom apartment.

These numbers make clear that a one-size-fits-all approach to minimum wages does nothing for workers throughout our state who are grappling with increasingly high costs of living. The figures on housing affordability reveal that it is difficult for low-wage workers to rent an apartment in even some of the most outlying parts of our state, far from the urban centers.

It is clear that raising the minimum wage to \$6.50 per hour is, in reality, an incredibly modest step forward if you as our legislators are truly interested in assisting our state's working poor families.

In Madison, we worked hard to raise our minimum wage, actively recognizing our area's high cost of living and the complete inadequacy of \$5.15/hour. ***Communities like Madison should not be prevented from taking such bold steps forward to ensure that our lowest-paid members receive a long-overdue and hard-earned pay raise and to make sure that local wages are relevant to local costs of living.*** Senate Bill 147 is not only an ironic assault on Home Rule, is also a plain and simple insult to workers throughout our state – including many low-wage workers struggling to even pay for minimal housing in your districts.

I urge you to reject Senate Bill 147 and to let local governments decide what they feel are appropriate minimum wages for the workers in their communities.

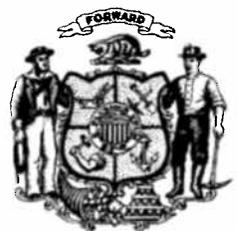
COUNTY	FAIR MARKET RENT FOR 2 BR APT	HOURLY WAGE NEEDED TO AFFORD THIS APARTMENT	WORK HOURS/WEEK NECESSARY TO AFFORD THIS APT. @ \$5.15/HOUR
Chippewa County	\$530/month	\$10.19/hour	79
Clark County	\$461/month	\$8.87/hour	69
Dane County	\$746/month	\$14.35/hour	111
Dunn County	\$518/month	\$9.96/hour	77
Eau Claire County	\$530/month	\$10.19/hour	79
Kenosha County	\$722/month	\$13.88/hour	108
Marathon County	\$546/month	\$10.50/hour	82
Pepin County	\$508/month	\$9.77/hour	76
Washington County	\$694/month	\$13.35/hour	104
Waukesha County	\$694/month	\$13.35/hour	104

All data from the National Low-Income Housing Coalition, analyzing 2004 data from HUD. Available online at <http://www.nlihc.org/oor2004/>

Compiled by Victoria Selkove, Staff Attorney, Economic Justice Institute, Inc. April 6, 2005.



WISCONSIN STATE LEGISLATURE



Department of Workforce Development
Equal Rights Division
P.O. Box 8928
Madison, WI 53708-8928
Telephone: (608) 266-6860
Fax: (608) 267-4592
TTY: (608) 264-8752



State of Wisconsin
Department of Workforce Development
Jim Doyle, Governor
Roberta Gassman, Secretary
Lucía Nuñez, Division Administrator

Statement on SB 147, Preemption of City, Village, Town, or County Living Wage Ordinances

**Committee on Veterans, Homeland Security, Military Affairs,
Small Business, and Government Reform**

By Lucía Nuñez, Administrator, Equal Rights Division

April 6, 2005

Governor Doyle strongly supports an increase in Wisconsin's minimum wage. The minimum wage has not been increased in 7 ½ years and no longer represents a wage sufficient for an employee receiving it to maintain himself or herself under conditions consistent with his or her welfare. In 2004, business, labor, and community leaders serving on the Minimum Wage Advisory Council recommended by a 16-2 vote that the Department promulgate a rule to increase Wisconsin's minimum wage. Unfortunately, the Legislature has objected to that rule proposal and has not taken independent legislative action to increase the state minimum wage.

The Department of Workforce Development believes the best way to address the minimum wage issue is by increasing the minimum wage statewide. Since the Legislature has not addressed the statutory mandate to ensure a sufficient minimum wage, the Department can understand why cities, villages, towns, and counties may feel the need to act on this issue on a local level.

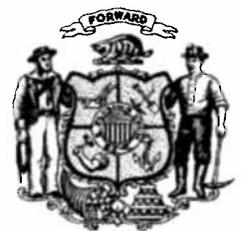
The Department also believes that further consideration is needed on the effect this bill would have on wage ordinances affecting employees of local governments, employees who perform work under a contract for the provision of services to a locality, or employees who perform work that is funded by financial assistance from a local government. For example, an employee at a privately-run concession stand at a county-owned airport may be currently covered by a "living wage" ordinance. Local governments also may enact a wage ordinance that applies only to a particular project, such as Miller Park.

Across the country, there are at least 123 local governments that have "living wage" ordinances that apply to certain classes of employees. In Wisconsin, the Department is aware of these ordinances in the City of Madison, Dane County, the City of Milwaukee, Milwaukee County, the City of LaCrosse, and Eau Claire County. Many of these localities have had "living wage" ordinances for a number of years. Without action to exempt this contractual approach, this bill will cause much confusion and possible litigation.

Therefore, DWD is opposed to SB 147. Thank you for consideration of these comments.



WISCONSIN STATE LEGISLATURE



Testimony: SB 147- Minimum Wage Pre-emption Bill
State Capitol, Room 411 South
April 6, 2005
10:30am

I stand here today to strongly urge you to support Senate Bill 147, preempting local municipalities from passing individual minimum wage ordinances.

- As an advocate for business in the Greater Madison area, the Greater Madison Chamber of Commerce has opposed the City of Madison's minimum wage ordinance, challenging the city's legal authority to supersede the State of Wisconsin by mandating an independent local minimum wage.
- The chamber strongly supports legislation to pre-empt municipalities from setting independent minimum wages.
- The chamber also does support a reasonable statewide minimum wage increase, as recommended by the Governor's Minimum Wage Advisory Council.

The Chamber is strongly concerned about the unintended consequences of local minimum wage increases and believes that the potential for negative regional economic impact is clear, the likelihood of harming small business is high, and creating this type of economic patchwork is sure to have a detrimental effect on local and regional labor markets in Wisconsin.

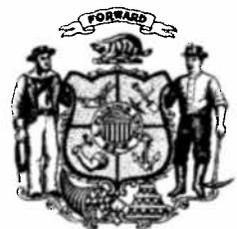
- Regional increases would create an economic patchwork of wage rates that would have a negative affect on the advancement of the regional economic development strategies Wisconsin strives for.
- Creation of "wage islands" would put employers at a competitive disadvantage
- Disjoint local and regional labor markets are created
- An increase in a local minimum wage has effects beyond the borders of each municipality-We fear the unknown and unintended consequences on surrounding municipalities will lead to the potential creation of an antagonistic and uncooperative environment among communities
- We believe that the issue of minimum wage must be kept uniform throughout the state, and that Senate Bill 147 is a vital piece of legislation to sustain a positive business reputation for the state.

The GMCC strongly believes that unilateral actions to raise the local minimum wage will be damaging to regional labor markets and regional economic development efforts. In terms of a minimum wage increase, we strongly urge the passage of Senate Bill 147.

Jennifer Alexander
Jennifer Alexander
Greater Madison Chamber of Commerce



WISCONSIN STATE LEGISLATURE





Wisconsin Merchants Federation

"The Voice of Wisconsin Retailing"

1 East Main Street, Suite 305
Madison, Wisconsin 53703
Telephone 608/257-3541
Fax 608/257-8755
E-mail wmf@supranet.net

MEMO

OFFICERS

**Chairman of
The Board**
Richard Schepp
Kohl's Department Stores
Menomonee Falls

TO: Members of the Senate Committee on Veterans, Homeland Security,
Military Affairs, Small Business and Government Reform

FROM: Chris Tackett, President & CEO
Doug Johnson, Sr. VP & General Counsel

EXECUTIVE STAFF

President/CEO
Chris C. Tackett

DATE: April 6, 2005

**Sr. Vice President
& General Counsel**
Douglas Q. Johnson

RE: Senate Bill 147 (as amended)-Statewide Minimum Wage

V.P./Operations
Mary C. Kaja

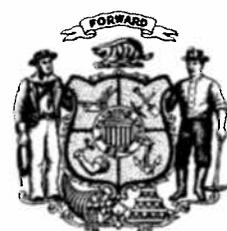
The Wisconsin Merchants Federation joined by the Midwest Hardware Association and representing more than 6,000 retailers doing business statewide urges you to support and quickly pass SB 147. Both WMF and MHA support a reasonable increase in a statewide minimum wage. Local minimum wage rules harm our members, their employees and Wisconsin's mainstreet economy. SB 147 makes clear that those local governments, which choose to set their own minimum wage rules, violate state law.

The WMF and MHA have joined with other statewide business associations to challenge the City of Madison's minimum wage as illegal. This legal challenge is time consuming and expensive. The Madison City Council has set a precedent that a handful of other cities have either followed or are considering. SB 147 will stop this. Our collective focus should be on preserving and creating jobs not destroying them. A uniform statewide minimum wage has been precedent in this state for generations. SB 147 makes clear that local city councils cannot and must not be allowed to act as mini state legislatures. The responsibility and authority to set the state's minimum wage must remain in the hands of state elected officials.

Thank you.



WISCONSIN STATE LEGISLATURE





"For these are all our children . . .
we will all profit by, or pay for,
whatever they become." James Baldwin

TO: Senate Committee on Veterans, Homeland Security, Military Affairs,
Small Business and Government Reform

FROM: Bob Andersen *Bob Andersen*

RE: SB 147 relating to preemption of city, village, town, or county living wage
ordinances

DATE: April 6, 2005

The Wisconsin Council on Children and Families (WCCF) is a non-profit organization that researches the effects of policies on behalf of children and families in Wisconsin and advocates on their behalf. As such, the Council is very concerned about the plight of low-income working families in the state.

The Council believes that increases in the minimum wage are vitally important for the welfare of families and children in Wisconsin. Increases are long overdue and will restore the promise that a minimum wage has for our society. Increases will help the children of all these families reach the potential that they have to become healthy, successful and productive members of our society. They will greatly benefit families whose income is below the proposed minimum wage now and it will also benefit low-income families whose incomes are only marginally higher. They will help address the problems of poverty in our society. They will help address the inequity that exists in our labor market for women and minorities. Finally, they will not result in the unemployment of the very people they intends to protect, as is so often alleged.

1. **Local Units of Government Should be Allowed to Adopt A Living Wage for their Communities that Addresses the Particular Needs of Business, Labor, and the Economy in Those Communities.**

Naturally, there is a wide range of differences that exist among the communities in Wisconsin, from the small rural towns to the large cities. While a state living wage reaches the common denominator among those communities, the reality is that the needs for a higher living wage for the larger communities exists. The cost of living – job related expenses, housing, transportation, food, clothing, and medicine, at a minimum – is much higher in Milwaukee than it is in a northern rural town.

RESEARCH • EDUCATION • ADVOCACY

Secondly, the job market and labor force will be much different from community to community. Big cities like Milwaukee will have among its labor force many times the number of service workers who will benefit from an increase in the wage than will small rural towns. Big businesses in the large cities rely on this special labor force of service workers more than do the businesses in rural areas. Those businesses need to maintain steady work forces that are enabled by minimal living wages for their workers. Those businesses are also more capable of paying living wages at certain levels. The local economy in the larger cities flourishes more with a more realistic living wage that is tailored to their communities. More people in the community are able to spend money on services and products that are likely to be more costly than they are in more rural areas.

2. **A Living Wage that is Realistic for a Particular Community is Critical to the Needs of Children of Low Income Families**

As described below, it is a myth that the living wage benefits mostly single people.

A living wage means that children do not have to live in substandard housing. It means that they have the money to afford minimally acceptable clothing that does not make them the object of ridicule when they attend school. It means that their parents are more able to keep their heads above water, so they do not have to substitute drugs and alcohol for a means of existence. It means that their families are less likely to break up, causing irreversible damage to the children. It means that families are more capable of paying for health services that are critically necessary for low income people. It means that children are less likely to end up in the costly child welfare system, which can put children on a path toward more trouble for themselves and for society.

3. **The Minimum Wage is Intended to Protect Workers Who are at a Disadvantage; Neither the State Nor the Federal Minimum Wage Has Been Raised for Years**

The purpose of a minimum wage is to protect workers who are disadvantaged, who are not likely to be represented by a union, and who are likely to be women or minorities. It is to protect workers who do not have the same leverage in the marketplace as other workers may have. Wisconsin was among the pioneers in establishing a minimum wage. While both Wisconsin and Massachusetts both debated the creation of a minimum wage in 1911, Massachusetts adopted its minimum wage that year and Wisconsin followed with its own the next. Several other states followed the very next year. At the federal level, a minimum wage was created 60 years ago by Congress in the Fair Labor Standards Act. The goal of the minimum wage was declared to be to reduce "labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and the general well-being of workers."¹

Both the state minimum wage and the federal minimum wage have been increased numerous times since their inception. However, neither the state minimum wage nor the federal minimum wage has been increased for the past seven years.

4. **The Current State and Federal Minimum Wage is Inadequate**

The April 2002 report of the Department of Labor (DOL), "Value of the Federal Minimum Wage, 1938-2000," stated that the \$5.15 current minimum wage in 2002 had less buying power than the minimum wage had in 1970. DOL added that the buying power of the minimum wage in 1970 equaled about \$8.00 per hour in 2000 dollars. In the 1950's and 1960's, the minimum wage averaged 50% of average hourly earnings. The minimum wage is now only 33% of the average hourly earnings, its lowest level in more than 50 years.²

If the minimum wage had been increased to keep pace with inflation since 1968, when Congress more regularly increased the minimum wage, the minimum wage for a full time worker would be 44% higher today and would leave the worker with the equivalent of \$15,431 in wages today.³ Between 1979 and 1989, a period in which the minimum wage lost 31% of its real value, the inflation-adjusted wages of low-wage workers (those at the 10th percentile of the wage scale) fell 16.1%. By contrast, between 1989 and 1998, a period in which the minimum wage was raised four times and recovered about one-third of the value it lost in the 1980s, the inflation-adjusted wages of low-wage workers actually rose 6.7%.⁴

5. **Minimum Wage Workers are Not Typically Teen-Agers and Young Adults, as Has Often Been Claimed – They are Mostly Older Adults and Heads of Low Income Households; Nearly Two-Thirds are Women.**

Opponents frequently say that a minimum wage increase is poorly targeted and does not benefit the working families who need it most. This is refuted by the 1999 Economic Report of the President, which reviewed the empirical evidence and disputed this by stating that "most minimum wage workers are adults from lower income families, and their wages are a major source of their families' earnings."⁵

According to DWD, 47% of minimum wage workers in Wisconsin are over the age of 25. Nearly two out of three are women. More often than not they are single parents, struggling to support themselves and their children. Almost one-third of the minimum wage workers work full time.

In a national study of the 1996-97 minimum wage increase, it was found that 71% of those affected were adults (over the age of 20) and 58% were women. The income gains benefited mostly people at the bottom of the income scale. Thirty-five percent of the income gains in 1996-97 went to the poorest 20% of working

households (who had an average income of only \$15,728) and 58% of the gains went to families in the bottom 40% of the income distribution. The average minimum wage worker brought home more than half (54%) of his or her family's weekly earnings.⁶

A similar study in 2001 looked at what would be the results if the minimum wage were to be raised to \$6.65 (Clearinghouse Rule CR 04-036 raises the rate to \$6.50 per hour, effective October 1, 2005). The majority of affected workers would be women (60.6%). Just 31.8% of the affected workers would be teens, age 16 to 19, and 68.2% being adults. Close to half (45.3%) of the affected workers are employed full time, and another third (34%) work between 20 and 34 hours per week. Blacks and Hispanics would disproportionately benefit from the increase in the minimum wage. While 11.7% of the total workforce is black, and 11.3% is Hispanic, 18.1% of blacks and 14.4% of Hispanics would benefit from an increase. Workers whose income is just above the minimum wage would also benefit, by what is referred to as a "spill-over effect." Among these workers 80.8% of those affected are expected to be adults, who are expected to work more hours (61.3% work full time) than those in the directly affected wage range.⁷

The earnings of minimum wage workers are not surplus wages or merely extra income. Instead, these earnings are often critical to the earnings of the family. In 2001, minimum wage workers contributed 42.2% of their families' total weekly earnings. Of these families, 28% had their earnings come entirely from family workers making the minimum wage.

6. **Increase will Greatly Benefit Individuals whose Incomes are Below the Proposed Minimum Wage or Whose Income is Only Marginally Higher**

Data from the Economic Policy Institute show how many individuals would benefit from a similar increase on a national level. The data relates to individuals both below the proposed increase in the minimum wage and to those whose incomes are marginally higher. The data shows that an estimated 5.8% of the workforce would receive an increase in their hourly wage rate if the minimum wage were raised to \$6.65. Due to "spillover effects," 8.7% of the workforce earning up to a dollar above the minimum would also be likely to benefit from an increase.⁸ Clearinghouse Rule CR 04-036 raises the minimum wage to \$6.50 per hour by October 1, 2005.

7. **Increases in the Minimum Wage Reduces the Problems of Poverty.**

Increases in the minimum wage is especially important for Wisconsin Works (W-2) to be successful. Workers who have recently left W-2 are in a precarious position, with new expenses for clothing, food and transportation that make an adequate wage vitally important for them. Without an adequate wage, these workers cannot make it in the workplace and they are forced to return to W-2.

In a 2001 Legislative Audit Bureau report, the LAB found that two-thirds of the adults who left W-2 had filed income taxes, and only 46.7% of those individuals had an income above the poverty line. A September, 2003 report of the Chapin Hall Center for Children at the University of Chicago revealed that 12% of a sample of 856 W-2 participants in 1999 in Milwaukee County were employed when they applied for assistance; 77% were employed in at least one of the four quarters following; and the median total earnings for those four quarters were \$4,131, according to Unemployment Insurance Wage Records.⁹

It is clear that an increase in the minimum wage would help these families. At least one study has shown the dramatic effect an increase in the minimum wage can have on welfare families. A recent study of a 1999 state minimum-wage increase in Oregon found that as many as one-half of the welfare recipients entering the workforce in 1998 were likely to have received a raise due to the increase. After the increase, the real hourly starting wages for former welfare recipients rose to \$7.23.¹⁰

The effect that an increase in the minimum wage can have on poverty in Wisconsin is illustrated by data regarding the affordability of housing in this state.

According to the National Low Income Housing Coalition:

- In Wisconsin, an extremely low income household (earning \$17,769, 30% of the Area Median Income of \$59,229) can afford monthly rent of no more than \$444, while the Fair Market Rent for a two bedroom unit is \$605.
- A minimum wage earner (earning \$5.15 per hour) can afford monthly rent of no more than \$268.
- An SSI recipient (receiving \$552 monthly) can afford monthly rent of no more than \$166, while the Fair Market Rent for a one-bedroom unit is \$481.
- In Wisconsin, a worker earning the Minimum Wage (\$5.15 per hour) must work 90 hours per week in order to afford a two-bedroom unit at the area's Fair Market rent.
- The Housing Wage in Wisconsin is \$11.63. This is the amount a full time (40 hours per week) worker must earn per hour in order to afford a two-bedroom unit at the area's Fair Market rent. This is 226% of the minimum wage (\$5.15 per hour). Between 2002 and 2003 the two bedroom housing wage increased by 1.51%.

8. **Contrary to the Suggestions of Opponents of an Increase, While the EITC Works Well in Conjunction with an Increase in the Minimum Wage, the EITC Alone Does not Resolve the Problems of Poverty.**

The federal Earned Income Tax Credit (EITC) combined with the minimum wage helps to reduce poverty, but the EITC is not a replacement for a minimum-wage increase. Consider a single mother of two children working 40 hours per week year-round at the minimum wage of \$5.15. In 1997, this worker would have earned \$9,893 after Social Security and Medicare taxes—only 77% of the poverty line. But, because this worker would have been eligible for the maximum EITC of \$3,656, her family income would have surpassed the poverty threshold (which is adjusted annually for inflation).

The poverty threshold rises each year to reflect the rising cost of living. The federal minimum wage, however, does not. As a result, a single mother with two kids working the same number of hours each year at the minimum wage would be further away from the poverty line each year the minimum wage is not increased. By 2003, her earnings would equal 67% of the poverty line and the EITC would no longer push her income above the poverty line (as illustrated by the second bar in the figure). To make matters worse, as the purchasing power of the minimum wage falls each year that the minimum wage does not rise with inflation, the amount of EITC for which this family is eligible will also start to fall.¹¹

The EITC is designed so that the amount of the credit rises as earnings from work rise. The level of earnings at which the family is eligible for the maximum EITC is adjusted annually for inflation. Beginning in 2005, a single mother with two children working full time at the minimum wage would no longer be eligible for the maximum credit. An increase in the minimum wage to \$7.00, along with automatic annual increases, would solve this problem.

In addition, the EITC is also funded by the taxpayers, so while it is useful to help individuals reach the poverty line, it is taxpayer's dollars that are subsidizing employers who pay wages below the poverty line in the absence of increases in the minimum wage.

The poverty threshold increases each year to reflect the rise in the cost of living. The minimum wage does not, so every year the minimum wage is not increased, minimum wage workers' incomes fall further below the poverty line. A full time year minimum wage worker earns about \$10,712 a year. That is \$1,778 below the 2004 poverty level for a family of two, \$4,958 below the 2004 poverty level for a family of three, and \$8,138 below the poverty level for a family of four.

Finally, the minimum wage raises the wages of low-income workers in general, not just those below the official poverty line. Many families move in and out of

poverty, and near-poor families are also beneficiaries of minimum-wage increases.

9. **Increases in the Minimum Wage Will Help Rectify the Inequities that Exist for Women and Minorities**

As indicated above, according to DWD, in Wisconsin nearly two out of every three minimum wage workers are women. Also as indicated above, national studies of the 1996-97 increase and of the effects of a proposed increase to \$6.65 showed that 60% of the workers benefiting are women.

There is more data on the effect on women in another report in 1999, which shows as follows, in an article addressing a \$1 increase in the minimum wage.

In 1979, a woman working at the minimum wage earned 70% of the hourly wage of the median female worker (the woman right in the middle of the female wage scale). By 1998, that ratio had fallen to 52%. Similarly, in 1979 a single mother working full time at the minimum wage earned enough to lift a family of three (herself and two children) above the poverty line. By 1998, however, the same family would be 18% below the poverty line. . . .

12.6% of all working women - earn between \$5.15 and \$6.14, the wage range that would be directly affected by an increase in the federal minimum wage. . . .

The vast majority (75.3%) of these women are adults (age 20 or older). Although most low-wage women workers are white (65.4%), African American and Hispanic women are overrepresented in low-wage jobs. African American women are 13.1% of all women workers (see the last column of Table 2), but 16.2% of those in the range affected by the minimum wage increase; Hispanic women are 9.0% of all women workers, but 14.4% of low-wage women. Close to half (44.9%) of the female workers in the affected range work full time (35 or more hours a week), and another 35.0% work between 20 and 34 hours per week. . . .

An analysis by industry shows that most low-wage females are concentrated in retail trade, which employs 44.0% of those in the affected range. In contrast, a much smaller share of low-wage women work in the higher-paying manufacturing sector (8.4%). An analysis by occupation reveals that 28.3% of low-wage women are sales workers, with 16.4% working as cashiers. One-third of these women (32.5%) work in service occupations such as food preparation (16.1%). Finally, just under 4% of low-wage women are covered by collective bargaining through a union, in contrast to 16.2% of women earning \$7.15 or more per hour. . . .

Parents with children under 18 years old represent 32.9% of the beneficiaries of the proposed increase, while such workers represent

40.4% of the total workforce. . . . single mothers are over-represented in the affected workforce - they represent 10% of those affected by the increase but are only 5.7% of the overall workforce. . . .¹²

The study also shows the beneficial effect that an increase of \$1 has on low income households:

18% of the benefits of a one-dollar increase would go to households with incomes below \$10,000 per year; another 32% of the benefits would go to households with annual incomes between \$10,000 and \$25,000. In total, households making less than \$25,000 a year would receive half of the benefits of a one-dollar increase. Among the affected single mothers shown in Table 3, 85% have household incomes below \$25,000, underscoring the importance of the policy for these low-wage and low-income families¹³

An increase in the minimum wage also addresses the growing wage inequality between income levels. Wage inequality has been increasing, in part, because of the declining real value of the minimum wage. Between 1979 and 1992, the declining real value of the minimum wage contributed 22% of the growth in wage inequality between men at the 90th percentile of the wage scale and men at the 10th percentile of the wage scale and 42% of the growth in wage inequality between women at the 90th percentile of the wage scale and women at the 10th percentile of the wage scale¹⁴

Finally, as indicated above, an increase in the minimum wage would address ethnic and racial disparity. The 2001 study of an increase to \$6.65 would benefit 18.1% of blacks (who make up 11.7% of the workforce) and 14.4 % of Hispanics (who make up 11.3% of the workforce).¹⁵

10. Increases in the Minimum Wage Will Not Result in Job Losses, Including Employment in Small Businesses

A recent EPI study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. Between 1995 and 2000, unemployment among women in the states most affected by the increase in the minimum wage declined by 4.9 percentage points, from 18.7% to 13.8%. In the least affected states, unemployment fell 3.3 percentage points, from 13.7% to 10.4%. This trend clearly shows that the decline in unemployment among women in the most affected states was not slowed by the increase in the minimum wage. These results are similar to other studies of the 1990-91 federal minimum wage increase, as well as to studies of several state minimum wage increase. In 1990-91 the minimum wage was raised from \$3.35 to \$4.25 while the economy was in a recession. A highly regarded analysis of the impact of that increase [Card, David and Alan Krueger. 1995 *Myth and Measurement: the New economics of the*

Minimum Wage. Princeton, N.J.: Princeton University Press], which controlled for overall economic conditions, showed no negative effects on employment generated by the increase. The study found that, "although the 1990 and 1991 minimum wage increases led to significant earnings gains for teenagers and retail-trade workers in many states, these wage increases were not associated with any measurable employment losses." Thus, given the modest magnitude of the current proposal, and the fact that an increase enacted in the last recession did not result in job losses (beyond those caused by the recession itself), it seems safe to discount arguments that use the specter of a downturn to preclude a minimum wage increase.¹⁶

New economic models that look specifically at low-wage labor markets help explain why there is little evidence of job loss associated with minimum wage increases. This model recognizes that employers may be able to absorb some of the costs of a wage increase through higher productivity, lower recruiting and training costs, decreased absenteeism, and increased worker morale.

The 1999 Economic Report of the President reviewed the research surrounding the 1996-97 minimum wage increase and declared that "the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment."¹⁷

In 2004, the Fiscal Policy Institute (FPI) compared employment in states with a minimum wage set above the \$5.15 level to the employment levels in the other states. FPI found that aggregate employment in the higher minimum wage states increased by 6.15% between 1998-2004, while employment in the states with only the federal minimum wage increased by only 4.11%.¹⁸

FPI also looked at the effect a higher minimum wage has on small business. It is often argued that small businesses are particularly prone to job loss due to increases in the minimum wage. Yet, FPI found that between 1998-2001:

- The number of establishments with less than 50 employees rose twice as fast in states with a higher minimum wage (3.1% in higher minimum wage states v. 1.6% in states with the federal minimum wage
- The number of employees in small establishments grew by 4.8% in higher minimum wage states but only 3.3% in all other states, and
- Small business annual and average payrolls grew faster in high minimum wage states.¹⁹

FPI found similar results for small retail businesses.

Opponents of an increase often point to a studies completed by Craig Garthwaite, research director at the Employment Policies Institute, which declared that "it is

perhaps no coincidence that the three states with the highest minimum wages in the nation – Oregon, Washington and Alaska – are among the five states with the highest unemployment rates in the nation.”²⁰

Yet, factors specific to these three states explain why decreases in employment had nothing to do with increases in the minimum wage, according to Jeff Chapman of EPI:

- “Alaska’s job growth has been among the strongest in the country since the recession hit. Persistently high unemployment in Alaska is the result of growth in the labor force, not layoffs of minimum wage workers.
- Weakness in Washington’s labor market had primarily been caused by the severe decline of manufacturing employment (19.7% from 2000 to 2003) a high paying industry largely unaffected by the minimum wage.
- In Oregon, minimum wage increases have not coincided with increases in the unemployment rate – the large up tick in Oregon joblessness occurred in 2001 while the state minimum wage hadn’t been increased since 1999.”²¹

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¹ Fair Labor Standards Act, 29 U.S.C. § 202(a).

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⁶ Bernstein, Jared and John Schmitt. 1998. 3-6, 8 *Making Work Pay: The Impact of the 1996-97 Minimum Wage Increase*. Washington, D.C. Economic Policy Institute.

⁷ Rasell, Edith, Jared Bernstein, and Heather Boushey. 2001. *Step up, not out: The case for raising the federal minimum wage for workers in every state*. Washington, D.C. Economic Policy Institute.

⁸ Rasell, Id.

⁹ Dworsky, Amy, Mark E. Courtney, and Irving Piliavin. 2003. *What happens to Families Under W-2 in Milwaukee County, Wisconsin?* Executive Summary, at 5-6. Chapin Hall Center for Children. University of Chicago.

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¹³

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¹⁵ Rasell, Edith, Jared Bernstein, and Heather Boushey. 2001. *Step up, not out: The case for raising the federal minimum wage for workers in every state*. Washington, D.C. Economic Policy Institute.

¹⁶ Rasell, Edith Ibid. At 5-6.

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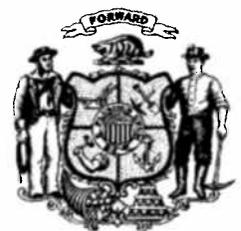
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April 6, 2005

To: Senate Veterans, Homeland Security, Military Affairs, Small Business and
Government Reform Committee Members
Senator Ron Brown, Chairman

From: Trisha Pugal, CAE, President, CEO
Kathi Kilgore, Lobbyist

RE: **SB 147 State-Wide Concern on Living Wage**

On behalf of the over 1,100 hotels, motels, resorts, inns, and bed & breakfasts throughout Wisconsin in our membership, the Wisconsin Innkeepers Association respectfully asks for your **support of SB 147**.

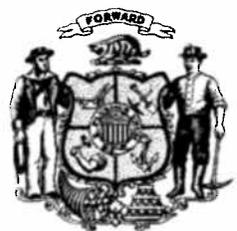
This bill clarifies that the living wage is indeed of statewide concern, and that it does impact communities across the state with uniformity. Thus, the state Minimum Wage law should be the standard across the state, instead of having local minimum wage ordinances setting considerable fluctuations in different parts of the state.

At a time when businesses are already challenged with reduced budgets for staffing, to allow a community to arbitrarily increase the local living wage would create an additional burden that could result in a reduction of positions, service capability, and eventually the ability of the business to stay in business in their community. Yet if their facility were located in the next community, they would not face the same challenge.

While the lodging industry primarily pays more than the minimum wage for its employees, there is a "ripple-up" effect that many proponents of local minimum wages set higher than the state minimum wage do not address. This occurs when the lowest wage increases, causing each level above this to expect proportionate increases to stay ahead of the wage level just below it. The "ripple-up" impact can be considerable in a community, eliminating their ability to compete fairly in their market. Thus, all communities in Wisconsin should have the same ability to operate fairly in their marketplace.

Please support SB 147.

Cc: WIA Executive Committee





WISCONSIN

**Statement Before The
Senate Committee on Veterans, Homeland Security, Military Affairs,
Small Business and Government Reform**

By

**Bill G. Smith
State Director
National Federation of Independent Business
Wisconsin Chapter**

**Wednesday, April 6, 2005
Senate Bill 147**

Mr. Chairman, and members of the Committee, thank you for allowing me to share a brief statement on behalf of the 13,000 members of NFIB/Wisconsin.

For over 90 years, the state has preemptively established, regulated and enforced a minimum wage rate for Wisconsin workers.

In fact, when an increase in the minimum wage is proposed, according to State Statute, the impact on the state's economy should be considered, including the effect the increase will have on job creation, retention, and expansion, on the availability of entry level jobs, and on the regional economic conditions within the state.

Obviously, from both a historical and statutory perspective the establishment of a minimum wage is a matter of statewide interest.

Nevertheless, in the past year we have witnessed the threat and the reality of local units of government setting a minimum wage rate in defiance of the state's authority to set a statewide rate.

Senate Bill 147 would simplify, clarify and reassert the state's proper role in setting a minimum wage rate for workers located throughout our state.

Small-business owners are very concerned about local governments creating a confusing patchwork of minimum wage laws throughout Wisconsin.

Statement Before the Senate Committee on Veterans, Homeland Security, Military Affairs,
Small Business and Government Reform
Wednesday, April 6, 2005

These small-business owners fear the impact these laws will have on their local economies, and on their ability to create the jobs that support those local economies when these Main Street businesses must pay a local minimum wage that exceeds the statewide minimum wage rate.

They also fear the confusion and uncertainty of a local minimum wage rate that could vary from city to city, from village to village, from county to county, and from town to town.

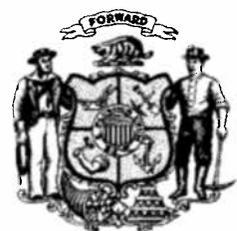
That's why 74 percent of Wisconsin NFIB members, according to recent survey data, support legislation that would prohibit local units of government from establishing their own minimum wage.

It is on behalf of these Main Street small-businesses that we urge members of the Committee to act favorably and promptly and to support passage of Senate Bill 147.

Thank you.



WISCONSIN STATE LEGISLATURE





Wisconsin State AFL-CIO *...the voice for working families.*

David Newby, President • Sara J. Rogers, Exec. Vice President • Phillip L. Neuenfeldt, Secretary-Treasurer

TO: Senate Veterans, Homeland Security, Military Affairs, Small Business
and Government Reform Committee

FROM: Phil Neuenfeldt, Secretary-Treasurer

DATE: April 6, 2005

RE: **OPPOSITION TO SENATE BILL 147**
Preemption of Local Living Wage Ordinances

We are not able to testify in opposition to SB 147 today but want to indicate our strong opposition to any restrictions on the right of local communities to pass living wage ordinances. SB 147 would essentially ban local wage ordinances that help raise the income of workers in poverty level jobs because the bill would mandate that any living wage ordinance cannot be higher than the existing state minimum wage, which is currently set at \$5.15 per hour.

SB 147 would: 1) preempt living wage ordinances that have been passed in several communities that apply to contracts for services that local governments have with private sector firms; and 2) preempt local ordinances that require a certain minimum wage for private sector employees within a local jurisdiction.

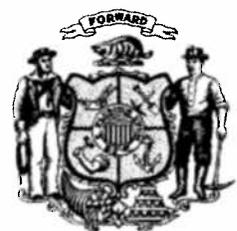
Growing numbers of workers are working full time and still remain mired in poverty. Compassionate local government leaders are responding to their needs and the inaction of Republican leadership at the federal level and in our state legislature to maintain a meaningful minimum wage that can be the bridge out of poverty.

We urge committee members to oppose SB 147.

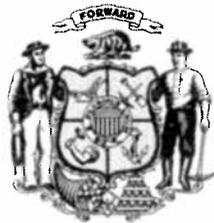
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WISCONSIN STATE LEGISLATURE



SB147



1st Senate District
State Capitol • PO Box 7882
Madison, WI 53707-7882

Alan Lasee

Senate President

Tel 608 266 3512
Fax 608 267 6792
email: sen.lasee@legis.state.wi.us
web: www.legis.state.wi.us/senate/sen1/news/

April 6, 2005

Senator Ron Brown
409 South, State Capitol
Madison, WI 53702

Dear Senator ~~Brown~~, *Ran*

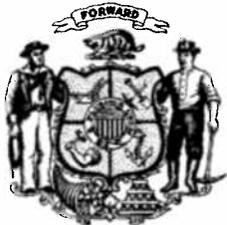
I wanted to say thank you for holding a public hearing on Senate Bill 147 in the Senate Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform. I appreciate your willingness to not only hold a public hearing but an executive session as well. Your cooperation in moving this bill forward will allow a healthy and spirited debate on the floor of the State Senate next Tuesday. Our constituents deserve no less and I again thank you as chairman of the committee for allowing this bill to be heard.

Regards,

SENATOR ALAN J. LASEE
Senate President
1st Senate District



WISCONSIN STATE LEGISLATURE



Lindstedt, Daniel

From: WisPolitics on behalf of WisPolitics Staff [staff@wispolitics.com]
Sent: Tuesday, April 12, 2005 5:02 PM
To: platinum List Member
Subject: (WisPolitics) TUES PM Update -- 12 April 2005

From WisPolitics.com...

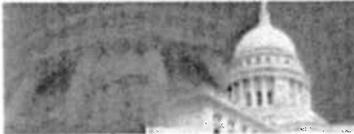
-- In spite of a lot of Democratic maneuvering to keep the debate going, the Republican-controlled Senate gave preliminary approval to a measure seeking to preempt local minimum wage ordinances, rejecting all minority amendments . The Democrats came forward with several amendments seeking to support a \$1.35 increase from the current \$5.15, as recommended by a bipartisan advisory wage council created by Gov. Jim Doyle. But Republicans rejected the amendments, stressing the bill at hand -- SB 147 -- is to preempt local wage ordinances and not to increase the wage.

The battle to increase the minimum wage has been raging between the Doyle administration and the Republican-controlled Legislature since the session began, and there is talk in the hallways about a potential resolution. Meanwhile, the Democrats did manage to win one today by refusing to support a motion to take the final vote on SB 147. That vote is expected during tomorrow's Senate session.

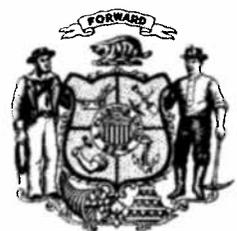
Dem Rep. Mike Sheridan's maneuver to pull the Assembly minimum wage bill, AB 77, out of committee and bring it to a floor vote was shot down by Republicans.

About an hour before the Senate floor debate began, Assembly and Senate Democrats held a news conference standing behind a table loaded with various food items that could be purchased for \$1.35. Macaroni and cheese, fruit, cereal, milk and garbage bags were among the items that the Democrats bagged and delivered to some Republican offices. Senate Minority Leader Judy Robson said Republicans have been able to block the increase - roughly \$100 per month -- for far too long. She took aim at Republican Sen. Tom Reynolds of West Allis, one of the two Republican votes against the advisory council's recommendation and one of the two Republican members who failed to attend a single meeting. Reynolds also walked out of the Senate as the minimum wage debate intensified and the council's work was referenced.

The Service Employees International Union also says SB 147 has been rushed to the floor with no discussion for living wage ordinances, which are in effect in the counties of Eau Claire, Dane and Milwaukee, as well as in Madison and Milwaukee and the Milwaukee Public Schools.



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April 12, 2005

To: Members of the State Senate

From: Trisha Pugal, CAE, President, CEO
Kathi Kilgore, Lobbyist

RE: **SB 147 State-Wide Concern on Living Wage**

On behalf of the over 1,100 hotels, motels, resorts, inns, and bed & breakfasts throughout Wisconsin in our membership, the Wisconsin Innkeepers Association respectfully asks for your **support of SB 147**.

This bill clarifies that the living wage is indeed of statewide concern, and that it does impact communities across the state with uniformity. Thus, the state Minimum Wage law should be the standard across the state, instead of having local minimum wage ordinances setting considerable fluctuations in different parts of the state.

At a time when businesses are already challenged with reduced budgets for staffing, to allow a community to arbitrarily increase the local living wage would create an additional burden that could result in a reduction of positions, service capability, and eventually the ability of the business to stay in business in their community. Yet if their facility were located in the next community, they would not face the same challenge.

While the lodging industry primarily pays more than the minimum wage for its employees, there is a "ripple-up" effect that many proponents of local minimum wages set higher than the state minimum wage do not address. This occurs when the lowest wage increases, causing each level above this to expect proportionate increases to stay ahead of the wage level just below it. The "ripple-up" impact can be considerable in a community, eliminating their ability to compete fairly in their market. Thus, all communities in Wisconsin should have the same ability to operate fairly in their marketplace.

Please vote for SB 147.



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Good Afternoon, Mr. Chairman and members.

Date?

My name is Steve Davis, and I'm the Chairman of the Board for the Wisconsin Restaurant Association. Our association represents 7000 members, large and small, from all segments of the foodservice industry.

I'm also a co-owner of a restaurant in Oshkosh called Ardy & Ed's Drive-In -- a seasonal business that operates from March through September every year. On a warm summer evening, Ardy & Ed's is the place to be. It's somewhat of an institution in Oshkosh, and we've been able to maintain a pretty stable base of employees who return when we re-open each spring.

Since I started out with Ardy & Ed's as a 15-year-old working for minimum wage at his first real job, I know both sides of the minimum wage issue. Currently, we pay wages that are significantly higher than the state minimum wage, because that's what the labor market in Oshkosh demands we pay to keep our employees happy.

The purpose of the state minimum wage should be to set a reasonable floor for entry level wages, but a floor that won't have a negative impact on the number of jobs available. Wages are the single largest expense in my business, and a minimum wage set too high would have a huge effect on my bottom line. It would force me to raise prices significantly or eliminate jobs, and probably some combination of the two options would be the actual outcome. Prices would go up somewhat, reducing business... and the need for some of my employees.

Now imagine if this artificially high wage floor were set by the City of Oshkosh instead of the state government. If that happened, I would have to raise the price of a cheeseburger and fries at my restaurant, but a restaurant just down the

street from me, but not located in the same city, would not have to raise its price for a cheeseburger and fries. In that case, I would lose even more business because customers would have a cheaper option right down the street. Rather than just affecting prices for consumers and jobs for a few employees, it would actually hurt my profitability and threaten the existence of my business altogether.

Mr. Chairman and members, I encourage you to recommend passage of Senate Bill 147, a measure that will ensure one statewide minimum wage and a level playing field for businesses in Wisconsin. Small business owners take huge risks when they buy those businesses, hire employees and purchase inventory and equipment. We shouldn't allow city councils in Wisconsin to threaten the livelihood of these businesses with a whimsical vote to unilaterally increase the minimum wage.

Thank you for the opportunity to speak to you today.